

Germany's B2B e-invoicing countdown: Your 2027 issuance roadmap

With less than 4 months to go until the end of the year, the countdown is on: The “transitional” era of German B2B (business-to-business) invoicing is ending. **1 January 2027 is the pivot point** - the deadline for businesses with >€800k turnover to start issuing structured e-invoices, while all other businesses will have to follow a year later (1 January 2028). This is not just a regulatory update; it is a fundamental shift in how your business handles data and payment flows.

For context on the legal origins of this requirement, read our background guide [here](#).

**1 January
2027**

2026

2025

2024

1. The 2026 preparation window

2026 is your year of preparation. While what is termed as “other invoices” (like paper or PDFs) remain fully allowed throughout this year, the regulatory environment shifts permanently after 31 December 2026: For large taxpayers, **the transitional period ends**, and only structured e-invoices compliant with EN 16931, the European semantic standard, will be accepted.

Treat 2026 as your ramp-up phase. This is the time to:

- De-risk your operations: Use this year to identify gaps in your ERP, clean your master data, and train your team - rather than scrambling to fix errors when the mandate goes live on 1 January 2027.
- Test your ecosystem: Start sending structured invoices to willing partners now to stress-test your validation and receipt workflows.
- Avoid the compliance cliff: Ignoring these preparations carries significant operational and financial risks, ranging from VAT deduction disallowance to heavy administrative fines. See below Section 4: “The cost of non-compliance” for a breakdown of these risks.

2. What counts as a “German e-invoice” - and what doesn’t?

Avoid the “PDF-by-email” trap: **A plain PDF is not a structured e-invoice.**

According to Germany’s Ordinance on Electronic Invoicing in Federal Public Procurement (*E-Rechnungsverordnung*, or *ERechV* for short), an invoice is considered electronic if it is issued, transmitted, and received in a structured electronic format that enables automatic processing of the document.

The two main structured formats allowed for B2B e-invoicing in Germany are:

XRechnung:

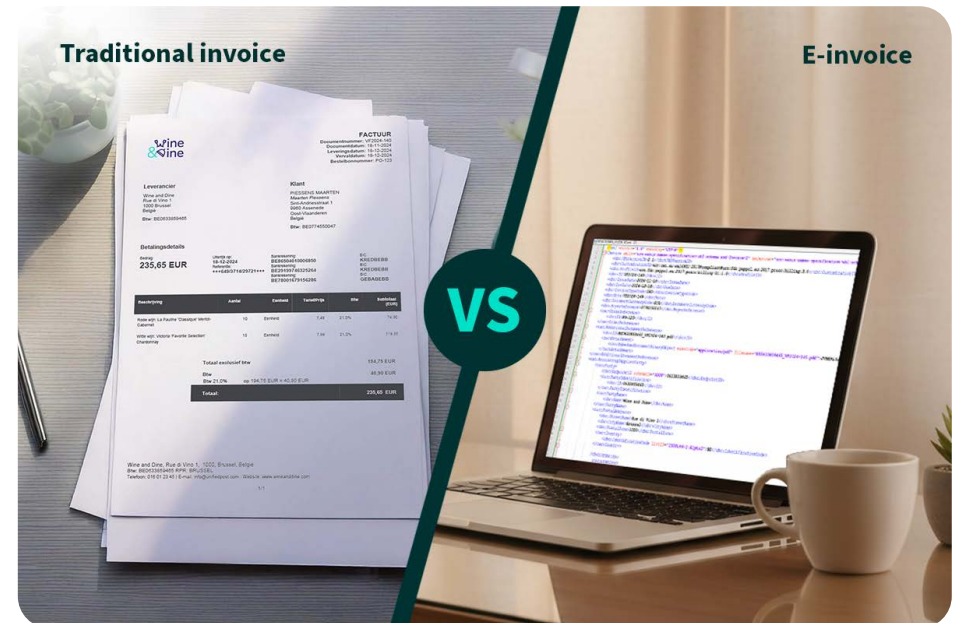
Pure XML. Standard for B2G (business-to-government - public sector) and EDI pipelines.

ZUGFeRD:

PDF/A-3 with embedded XML. Ideal if you need a human-readable PDF alongside a structured file.

The golden rule:

Both must implement **EN 16931**. If your accounting software doesn’t speak EN 16931, it isn’t ready.



3. Who is affected?

The obligation to comply with Germany's e-invoicing mandate applies to all VAT-registered businesses, but your annual turnover determines the timeline for issuing structured invoices. To navigate this correctly, it is essential to distinguish between your ongoing requirement to receive structured invoices, which has been in force since the beginning of 2025, and your upcoming obligation to issue them, which rolls out in phases over the next two years.

All businesses: 🏢

Must already be able to receive e-invoices since Jan 2025.

Large taxpayers (> €800k turnover): 🏢

Must issue structured invoices from **1 January 2027**.

Small businesses (≤ €800k): 🏠

Must issue structured invoices from **1 January 2028**.

Practical point: ⓘ

Even if you are a small business, your large customers will likely demand e-invoices soon. Prepare now.

4. The cost of non-compliance

The transitional era is ending, and the stakes for non-compliance are significant. Failing to meet the new standards by 1 January 2027 exposes your business to:

- **VAT deduction disallowance:** If you receive a non-compliant invoice, you may be blocked from deducting input VAT, directly impacting your cash flow.
- **Administrative fines:** Under §26a UStG, fines can reach up to €10,000 per violation. Since each incorrect e-invoice can technically be treated as a separate offence, penalties can stack rapidly.
- **Tax evasion risk:** Deliberate or reckless non-compliance may trigger more serious penalties under §370 AO.
- **GoBD violations:** Improper storage (non-compliant with the German standard for digital record-keeping and audit, or GoBD) of structured files is a compliance failure. This can invalidate your books and lead to adverse audit outcomes.
- **Validation failures:** Invoices that fail applicable validation rules are technically invalid. They will likely be rejected by your partners, leading to payment delays and administrative headaches.
- **Audit exposure:** Post-2027 audits will treat e-invoice compliance as a standard checklist item. Persistent issues will lead to recurring penalties.
- **Commercial friction:** Beyond the tax risks, rejected invoices damage customer relationships and create unnecessary manual work for your AP teams.

5. BMF FAQ: Clarifications and critical updates

The German Federal Ministry of Finance (*Bundesministerium der Finanzen*, or BMF) regularly publishes FAQs to clarify the technical and legal implementation of the e-invoicing mandate. As of [March 2026](#), their latest guidance introduces several critical interpretations that directly impact how you prepare your invoicing architecture.

Key highlights from the current BMF FAQ guidance include:

- **Stricter content requirements:** All legally required VAT data must be embedded directly within the structured XML. References to external documents or external links are no longer considered sufficient.
- **Clear error classification:** Format errors (XML structure/syntax issues) may cause the invoice to be treated as a non-compliant “other invoice.” Business-rule errors (such as missing or inconsistent data) are handled separately but still require resolution before the invoice is considered compliant.
- **Validation responsibility:** While businesses are advised to use industry-standard validation tools (like KoSIT or Mustang), you remain fully responsible for the accuracy of your invoice content. Validators are technical checkpoints, not legal guarantees.
- **Monthly summary invoices:** These remain valid, provided the supply period is clearly defined and all required data is embedded in the structured XML.
- **Enforcement signal:** These clarifications reflect a shift toward stricter regulatory enforcement ahead of the 2027 and 2028 mandates. Post-2027 audits will standardise checks for EN 16931 compliance and proper XML data embedding.

6. Practical checklist: 6 steps to readiness

Transitioning to the 2027 mandate is not a simple “flip-the-switch” event, but a strategic process of upgrading your technology, cleaning your data, and refining your internal workflows. The following six steps are designed to guide you logically from assessing your current ERP capabilities to successfully testing your e-invoicing pipelines. We recommend treating this as a sequential journey; building a solid foundation in the early stages will significantly reduce friction when you finally reach end-to-end testing.

1. Check your ERP/accounting system status (weeks 1–2): Your accounting software is the engine of your compliance transition. Before you begin, audit your current infrastructure to determine whether your ERP can generate compliant XRechnung or ZUGFeRD formats natively, or if you need to bridge the gap with a specialised e-invoicing provider.

- a. Confirm whether your current accounting or ERP system already supports German e-invoicing (XRechnung or ZUGFeRD).
- b. Check if e-invoicing modules or features are licensed and active.
- c. If you use DATEV (common in Germany), verify that the *E-Rechnung* feature and the *DATEV E-Rechnungsplattform* (e-invoice platform) are activated, usually together with your tax advisor.
- d. If your system is not ready, decide whether to activate/upgrade modules or integrate with an external e-invoicing provider.

2. Master-data cleanup (weeks 2–4): Your existing customer and supplier master data is often the biggest hidden risk for a successful AR implementation of e-invoicing. If VAT IDs, addresses, and buyer references are wrong or non-standard, your invoices may fail validation, be rejected by suppliers/buyers, and cause delays in payment and reconciliation. Therefore, you must clean your customer and supplier master data so your e-invoices are valid and won't be rejected, including:

- a. Verifying VAT IDs: run batch VIES (VAT Information Exchange System) checks for EU customers; ensure German *USt-IdNr.* starts with DE and has 9 digits after it.
- b. Standardising buyer references: collect and normalise *Leitweg-ID* (for B2G), GLN, or buyer-specific codes; remove duplicates and ensure consistent formats.
- c. Fixing addresses and bank details: check city names, country codes, and IBAN formats; remove obsolete entries.
- d. Focusing on top customers first: prioritise the 20–30% of your customer base by volume or value to get the biggest impact quickly.
- e. Optionally collect W-IdNr and GEBA: Use this clean-up exercise as an opportunity to record customer *W-IdNr* and *GEBA* references. *Note: For businesses that already hold a VAT ID (USt-IdNr), the W-IdNr is identical.*

Technical tip - GEBA for routing: The German Electronic Business Address (*GEBA*) acts as an infrastructure layer to simplify routing within the Peppol network. It uses the national business identification number (*Wirtschafts-Identifikationsnummer*, or short *W-IdNr*), issued by the Federal Central Tax Office (BZSt) since late 2024, to allow precise routing to departments (e.g., Accounting). *Note: For businesses that already hold a VAT ID (USt-IdNr), the W-IdNr is identical. Use of GEBA is voluntary, not a new legal requirement.*

3. Choose your format (weeks 3–4): Germany allows two main structured formats for B2B e-invoicing: XRechnung 3.0.2 (pure XML, EN 16931-compliant, with German CIUS rules) and ZUGFeRD 2.x (PDF/A-3 with embedded XML, also EN 16931-compliant). You must decide which structured e-invoice format(s) your system will use for issuing e-invoices. This decision matters because each format has different strengths, and your choice affects which connectors/access points you need and how your suppliers will receive the invoices. Be sure to decide strategically, not ad hoc, and consider the following practical guidance when making your decision:

- a. Use XRechnung for B2G and EDI: Required for the public sector (via Peppol/[ORG-RE](#)), and common in EDI pipelines for large customers.
- b. Use ZUGFeRD for B2B flexibility: As a PDF/A-3 with embedded XML, it looks like a “normal” invoice and is therefore both human-readable and machine-readable in one file. Ideal for email-based workflows and customers who expect a PDF.
- c. Where possible, many companies will use both:
 - i. XRechnung for public sector and EDI.
 - ii. ZUGFeRD for most B2B.
- d. Configure your system or your service provider to route the right format per customer/channel.

4. Build a validation layer (weeks 4–8): Integrate automated validation into your workflow so every invoice is checked before it’s sent to avoid the risk of sending invoices that fail the buyer’s system or are rejected as non-compliant. Note that once the mandate takes effect, non-compliant invoices are not valid “*Rechnungen*” under German VAT law, which can lead to VAT deduction issues for buyers as well as potential fines and audit exposure.

- a. Why you need validation before sending: To ensure invoices are technically correct and compliant with German CIUS rules; to avoid sending non-compliant invoices that could be rejected, delay payments, or cause VAT deduction issues; and to have a record of validation that you can show in audits.

- b. Key validators: The two key validators widely used in Germany are the [KoSIT validator](#) for XRechnung 3.0.2 (which validates the structure, mandatory fields, and 147+ CIUS-specific rules such as Buyer city, IBAN format, etc.); and the [Mustang validator](#), a popular open-source validator for ZUGFeRD 2.x (which validates PDF/A-3 compliance, embedded XML structure, and EN 16931 compliance).
- c. How to integrate: Configure your system to validate every invoice automatically. Block non-compliant invoices from being sent. Log errors and notify the responsible team. Be sure to test with real invoices, not just sample data.

5. Configure your receipt (inbound) workflow for e-invoices (weeks 6–10):

Technically, you were already required from 1 January 2025 to be able to receive structured e-invoices, so most companies should have at least a basic solution in place already. However, many only have limited measures in place as the volume of incoming e-invoices so far was low. By 1 January 2027, all large taxpayers must start issuing structured e-invoices, and the AP function will face a significant increase, meaning your AP process may be unable to cope at the current scale. You must therefore ensure that, if necessary, you are upgrading your existing AP process so it can handle structured e-invoices properly:

- a. Set up a central shared mailbox (e.g. invoices@yourcompany.de) where suppliers send e-invoices, and configure automatic forwarding to your AP automation tool, which in turn feeds into your DMS (if applicable) for filing and archiving.
- b. Test that your AP system can extract the XML from ZUGFeRD PDFs and use it for automated posting into your accounting/ERP system, not just display the PDF, and that it can handle errors (invalid XML, missing data) with a clear workflow and notifications.
- c. Integrate or adapt your DMS (document management system) to automatically file incoming e-invoices and store the original structured file (XML or ZUGFeRD PDF) in line with the German standard for digital record-keeping and audit ([GoBD](#)).

6. End-to-end testing: Before flipping the switch for all customers, validate your entire workflow by testing it with a small, trusted partner. This final phase mitigates risk by enabling you to resolve technical teething problems, such as data mapping errors or network rejections, in a controlled environment before scaling to your entire customer base.

- a. Identify a “pilot” partner: Select a friendly customer (and, if applicable, supplier) who is ready to test e-invoicing with you.
- b. Validate the handshake: Ensure the invoice reaches their system, the data is correctly mapped, and they can successfully process and archive it.
- c. Analyse and iterate: Review your validation logs, fix any mapping errors discovered during the test, and confirm that your archive successfully captured the structured data.
- d. Scale gradually: If time permits, once your first few tests are successful, roll out in waves, starting with your highest-volume customers.

What to do today: The immediate priorities

- **Clean your master data:**
Audit customer and supplier records (VAT IDs, addresses, buyer references like Leitweg-ID) now. Clean data is your best defence against invoice rejections.
- **Enable receipt workflows:**
If you haven’t already, establish a central shared inbox and automated AP process for structured e-invoices; this has been mandatory since 2025.
- **Audit your partners:**
Identify your top 20% of customers and suppliers to clarify their preferred e-invoice formats (XRechnung vs. ZUGFeRD).
- **Validate and archive:**
Start running real-world invoices through validation tools now to identify hidden errors. Verify that your DMS is configured to store the original structured XML files for 10 years, not just the PDF.

7. Don't get fooled: Myths vs. reality

MYTH	REALITY
 “I’m a small business ($\leq$ €800k turnover), so I have until 2028 to worry about this.”	 While the statutory deadline is 2028, market pressure will likely force your hand sooner. Many large customers will likely try to mandate e-invoices for all their suppliers to streamline their own AP workflows, meaning you may need to comply regardless of the legal deadline.
 “My current EDI provider handles compliance for me.”	 EDI providers facilitate transmission, but you remain responsible for content compliance. Never assume your legacy setup is “done”; always verify that your specific configuration meets the new B2B mandates, as many older connections require updates.
 “If the PDF looks correct, it’s a valid e-invoice.”	 Appearance does not equal validity. A human-readable PDF does not guarantee the underlying XML is structured or technically accurate. The structured XML is the “source of truth” for tax authorities.
 “The validation tool passed, so the invoice is legally correct.”	 Validation confirms technical format (syntax/schema), not legal or accounting accuracy. An invoice can pass an automated validator and still contain incorrect VAT rates, dates, or business logic.
 “I need a Leitweg-ID for all my B2B customers.”	 No. This identifier is specifically for B2G (public sector) routing. Using it for general B2B transactions is unnecessary and can complicate your routing logic.

8. Looking ahead: EU ViDA and future-proofing beyond 2027

Germany's mandate aligns with the EU ViDA ([VAT in the Digital Age](#)) framework, but don't view this as a one-time compliance burden. By standardising on [EN 16931](#) now, you are building a scalable foundation that will serve you for the next decade. Doing this work now is a strategic investment that saves you from a massive, reactive migration later.

As regulations evolve, the infrastructure you build for the 2027/2028 domestic mandate will become the backbone of your wider compliance strategy:

- **2028: Full domestic B2B coverage:** From 1 January 2028, all German businesses (including small ones $\leq \text{€}800\text{k}$) must issue structured e-invoices. If you design your process now for scalability, you will be ready for the full rollout without major rework.
- **Cross-border and intra-EU (ViDA):** Germany's mandate is domestic, but under the EU ViDA Directive, the focus will shift around 2030 to cross-border intra-EU B2B e-invoicing and digital reporting requirements (DRR). The infrastructure you build now for XRechnung/ZUGFeRD and Peppol will be reused for those obligations.
- **Real-time transactional reporting:** While Germany does not currently require real-time reporting for B2B, the EU roadmap points toward transaction-level reporting (DRR) in the future. Designing with clean data models and audit-ready archiving now will make future integration much easier.
- **International obligations:** Many countries (e.g., [France](#), [Italy](#), [Spain](#), [Belgium](#), [Brazil](#), [Mexico](#)) have their own mandates. A multi-format, multi-channel setup now allows you to reuse the same infrastructure internationally.
- **Audit and compliance:** German GoBD requires storing the original structured file for 8–10 years. Using a GoBD-compliant DMS and keeping files in their original format ensures long-term readiness for increasingly strict audits.

Practical “future-proof” choices to make now:

- **Avoid vendor lock-in:** Use integrations that allow flexibility.
- **Stick to standards:** Prioritise EN 16931, XRechnung, ZUGFeRD, and Peppol.
- **Build for automation:** Design for XML extraction and automated posting.
- **Design for scale:** Ensure processes can handle volume without manual intervention.

Bottom line: The 2027/2028 mandate is the first wave, but the infrastructure you build now will serve you for the next decade.

9. FAQ

- **What regional scope does the mandate cover?**

The mandate covers:

- Domestic B2B (German resident businesses for domestic transactions).
- Domestic B2G (German public sector).
- It does not *currently* cover cross-border EU B2B (will be covered later under ViDA) or cross-border non-EU B2B.

- **Are summary invoices or consolidated invoices still allowed?**

Yes, but only if the supply period is clearly defined, all required data is embedded in the structured XML, and supporting documents are embedded, not referenced externally.

- **Can I still send PDF invoices by email?**

Yes, but only during the transition period:

- Until 31 Dec 2026: for businesses with turnover > €800k.
- Until 31 Dec 2027: for businesses with turnover ≤ €800k.
- After those dates: A plain PDF (without embedded XML) is not a valid E-Rechnung. It may be treated as an “other invoice” and can be rejected.

- **What if my customer says they don’t need e-invoices?**

From 2027/2028, the law requires the issuance of structured e-invoices (for large taxpayers in 2027, all in 2028). Reception capability is already required since 2025. You cannot opt out based on customer preference. The mandate is statutory, not negotiable.

- **Do I need Peppol for B2B?**

No. Peppol is commonly used and often preferred, but it is not mandatory for B2B in Germany. For B2B, you can use compliant structured e-invoicing routes such as XRechnung, ZUGFeRD, or other agreed electronic transmission methods, provided the invoice content meets the legal requirements.

- **Is XRechnung mandatory for B2B?**

No, ZUGFeRD 2.x is also accepted. XRechnung is mandatory in many B2G scenarios.

- **What profiles of ZUGFeRD should I use?**

- For B2B, use a ZUGFeRD EN 16931 profile (full structured invoice) or a ZUGFeRD EXTENDED profile (adds German-specific extensions).
- For B2G (government): if the recipient accepts it, use the ZUGFeRD XRECHNUNG profile (embeds XRechnung-level data in the PDF wrapper).
- Avoid MINIMUM or BASIC WL for B2B — they are not full invoices.

- **Can I send ZUGFeRD to public authorities?**

No, B2G generally requires XRechnung, so ZUGFeRD should not be assumed acceptable unless the specific authority and channel accept it in a compliant profile.

- **Do I need a Leitweg-ID for my B2B customers?**

No. The Leitweg-ID is a routing identifier specifically for B2G (public sector) invoices. Using it for general B2B transactions is unnecessary and can complicate your routing logic.

- **Do I need to archive the XML?**

Yes, GoBD requires storing the machine-readable file. While archiving the human-readable PDF is helpful for internal audits, the structured XML is the file that must be preserved for 10 years to ensure audit compliance.

- **What happens to PDF invoices after 2027?** After the transitional period, “other invoices” (like traditional PDFs) no longer meet the statutory standard for large taxpayers. While they may still exist for specific exempt scenarios, they generally fall out of compliance for B2B mandates. You should treat the structured e-invoice as the primary “source of truth”.

- **Do I need to validate every invoice?**

Yes, ideally on every invoice you send. Validation ensures:

- The XML structure is correct.
- All required fields are present.
- CIUS-specific rules are met (e.g. Buyer city, IBAN format).
- Use KoSIT Validator for XRechnung and Mustang Validator for ZUGFeRD.

- **What if validation fails?**

The invoice is likely non-compliant; fix and resend.

- **What if I use an external e-invoicing service provider?**

You can outsource the transmission and formatting, but you cannot outsource legal responsibility. You remain responsible for the accuracy of your invoice data and the compliance of your internal processes.

Need help navigating the mandate?

The e-invoicing landscape is evolving quickly. To stay ahead of regulatory updates and receive practical tips as the 2027 deadline approaches, [subscribe to our newsletter here](#).

For more insights and industry news, [follow our LinkedIn page](#). If you are ready to begin your implementation journey or have questions about your specific setup, feel free to [reach out to our team for a consultation](#).

Author: [Danielle Kiener](#)